

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator Paul Hess at \_\_\_\_\_  
Chairperson

11:00 a.m./p.m. on March 28, 1984 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Mary Galligan, Lynne Holt, Sherry Brown, David Monical, Carolyn Rampey, Alan Conroy

Revisor's Office: Norman Furse

Committee Office: Doris Fager, Mark Skinner

Conferees appearing before the committee:

Bill Kauffman, Attorney, Board of Regents

Marvin Umholtz, Kansas Credit Union League

Phil Magathan, Kansas Association of Court Service Officers

Bill Wolff, Legislative Research Department

Marshall Crowther, Executive Secretary, KPEERS

HB 3102 - Board of Regents; authorizing conveyance of property in Johnson County to KU Endowment Association

Mr. Kauffman explained that the property in question was given to the state some time ago for use of the staff at the University of Kansas Medical Center. It is no longer needed for that purpose, and the Endowment Association would like to sell it, with proceeds to go to the Medical Center.

Motion was made by Senator Talkington and seconded by Senator Werts to report HB 3102 favorably for passage and request that it be placed on the Consent Calendar. The motion carried by roll call vote.

HB 3111 - Investment of funds of private persons, etc.

Mr. Umholtz indicated he is in favor of the proposal, and explained it briefly for members of the committee.

Motion was made by Senator Talkington and seconded by Senator McCray to report HB 3111 favorably for passage and request that it be placed on the Consent Calendar. The motion carried by roll call vote.

HB 3104 - Probation; imposing fees, etc.

Mr. Magathan distributed his testimony (Attachment A). Following his presentation there were questions from committee members.

Motion was made by Senator Talkington and seconded by Senator Warren to report HB 3104 favorably for passage. The motion carried by roll call vote.

HB 2992 - Special Claims against the State

Mr. Wolff distributed proposed amendments to the bill (Attachment B), and reviewed the entire proposal for the committee.

There was discussion concerning Section 6, page 6. Senator McCray asked about the background for reducing the amount of the claim from \$75,000 to \$36,000. Mr. Wolff indicated there had been numerous motions on the floor of the House to increase it after it was reduced by the House Committee, but none of these passed.

Motion was made by Senator McCray and seconded by Senator Talkington to change the amount in Section 6 from \$36,000 to \$50,000. (See Attachment C)

HB 2992 - Continued

Senator Talkington indicated his second was given for the purpose of discussion. He stressed that a jury trial took place, as provided by law, and the result was unfortunate. This does not mean the State of Kansas is guilty. He suggested that, in the case of claims like this, the Legislature becomes the conscience of the state. He added that the actual basis for awarding many claims have not been in the law, and this claim falls into that category.

The above motion carried by voice vote, with Senator Bogina voting "No."

There were questions from committee members on several sections, and Mr. Wolff answered them and gave them the background of several claims.

Motion was made by Senator Hein and seconded by Senator McCray to reinsert deleted language in Section 7 (a) beginning on line 480. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator McCray to incorporate amendments in Attachment B in HB 2992. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator McCray to report HB 2992 as amended favorably for passage. The motion carried by roll call vote.

Senate Substitute for HB 2903 - Retirement matters

The substitute bill was distributed to members of the committee (Attachment D) and Mr. Crowther was asked to explain the contents of the measure. He noted that many of the bills in the committee were included in this bill (except for SB 682).

Mr. Crowther explained that there have been additional requests, as set out below:

(1) Representative Heinemann has a constituent with a request which would be addressed in the general provisions of the bill.

(2) Representative Wisdom spoke on behalf of Henry Miller, retired from KP&F. He worked as firefighter in a township later annexed into Kansas City, Kansas. Several years ago, provisions were made for credit for the other firefighters involved in this annexation, but Mr. Miller was not working in the area at that time. Subsequently, he has returned to the City of Kansas City, Kansas, and it is a matter of equity to include him in the previous decision. Mr. Crowther recommended favorable consideration of this request.

(3) Representative Meacham had spoken on behalf of Bernard Grant, who worked from 1934 to 1943 and paid into the school retirement system before he left. He has never returned to school employment. Mr. Crowther said this is not an unusual experience, since many other people did not return to school service.

(4) Senator Karr has spoken for a constituent, Dorothy Jones. She spent five years in the Kansas school system before establishment of the state school retirement system, was outside the state until 1952 and returned to continuous service. She did not elect to participate in the school retirement system. She indicates she attempted to do so and was informed she could not, but according to Mr. Crowther this is not the case. He said there are many people who did not choose to participate. He said he has many affidavits, but must inform the committee he is not able to furnish accurate statistics.

Senator Karr appeared and stated this is not necessarily the case for only one individual, but a number are involved. He said this person is now drawing \$5 a month from the KPERS system, and is requesting an increase to \$120 per month. Senator Karr added that Dorothy Jones does draw some retirement from Oklahoma.

HB 2903 - Continued

There was a brief discussion concerning a bill (HB 2428) introduced by Representative Lowther earlier in the session. According to Mr. Crowther the price tag on that bill would be a liability of about \$500,000. He suggested that if the committee is considering the claim of Senator Karr's constituent, they direct KPERS to report back next year on the status of these school retirees. He indicated the problem probably needs to be addressed. Senator Gaines asked if the changes jeopardize the fund in the short term or the long term. Mr. Crowther indicated they would not. He said there have been a combination of favorable factors related to investment experience, the fund is in good condition.

Motion was made by Senator Bogina and seconded by Senator Warren to include Mr. Miller, of Kansas City, Kansas, in HB 2903. The motion carried by voice vote.

It was the concensus of the committee that KPERS should study the situation of retired school teachers and report to the next session of the Legislature. The Chairman indicated he would write a letter to Mr. Crowther to that effect.

Motion was made by Senator Doyen to report HB 2903 favorably as amended. The motion was seconded by Senator Gaines, and carried by roll call vote.

HB 3114 - Multi-year appropriations for capital improvements

Motion was made by Senator Bogina and seconded by Senator Talkington to report HB 3114 favorably for passage. The motion carried by roll call vote.

The meeting was adjourned by the Chairman.



# Kansas Association of Court Services Officers

TESTIMONY PRESENTED BY PHIL MAGATHAN,  
LEGISLATIVE CHAIRPERSON

Statewide we are currently providing supervision to a probation population that now exceeds 18,000. Well over 50% of the adult probation population are felony cases and over 60% of the juvenile cases are offender-type cases as defined by the new Juvenile Code. During fiscal year 1983, Court Services Officers statewide prepared 13,293 formal reports to aid judges in determining the most appropriate sentence and correctional plan for the offender.

Court Services Officers in the State of Kansas provide probation services at a nominal cost when you consider the return in court costs, fines, community service work and restitution for crime victims from offenders on supervised probation. At a time when institutional costs and prison populations are increasing, supervised probation provides a very cost effective and proven alternative to incarceration if adequately staffed and funded. The costs of placing an offender on supervised probation averages approximately \$300 per year compared to \$2,000 per year for Community Corrections and \$11,000 per year for prison.

It is increasingly recognized that crime has an important economic dimension and an increasing number of criminal defendants do have resources, particularly white-collar criminals. It would be unfair to tax criminal defendants for the operation of an adjudication system prior to determination of guilt. However, convicted criminals who can pay, could be assessed financial penalties related to the cost of services provided to them. Even criminals without visible resources might indeed find those resources and the cost of committing crime would be more visibly brought home to these individuals.

During the October, 1982 business meeting of the Kansas Association of Court Services Officers, a motion was made and adopted that the Legislative Committee look into the possibility of introducing legislation for probation supervision fees if a revenue generating measure was needed to upgrade personnel. Several states have some sort of probation supervision fee system. These states are Oklahoma, North Carolina, Nevada, Kentucky, New Mexico, Virginia, Colorado, Oregon, Mississippi, Alabama, South Carolina, California, South Dakota, Georgia, Washington, Louisiana, Tennessee, Texas and New Jersey. Of those states having probation supervision fees, I believe that the State of Colorado has the best one. It is simply a one-time charge imposed upon the defendant where supervision by the Probation Department is ordered by the Court. HB 3104 is similar to the State of Colorado's probation supervision fee system. Therefore, our association would support this legislation if needed to cover part of the cost to upgrade Court Services Officers.

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3-28-84



AMENDMENTS RECOMMENDED BY JOINT COMMITTEE ON  
SPECIAL CLAIMS AGAINST THE STATE

"AN ACT concerning certain claims against the state; making appropriations, authorizing certain transfers, imposing certain restrictions and limitations, and directing or authorizing certain disbursements, procedures and acts incidental to the foregoing."

Be amended:

On page 5, following line 389, by inserting the following material to read as follows:

"Hampel Oil Distributors, Inc., P.O. Box 12346,  
Wichita, KS 67277..... 270.70";

Also on page 5, in line 393, by striking "\$866.08" and inserting in lieu thereof "\$1,136.78"; following line 417, by inserting the following material to read as follows:

"Department of Community Development, c/o M. James Medin, City Administrator, 701 North 7th, Kansas City, KS 66101.....	516.24
City of Oberlin, 107 West Commercial, Oberlin, KS 67749.....	2,432.00
City of Garden City, c/o Tim Knoll, City Clerk, P.O. Box 499, Garden City, KS 67846.....	3,354.39
Colby Public Schools, Unified School District #315, 210 South Range, Colby, KS 67701.....	173.22
Central Baptist Theological Seminary, c/o Don Blalock, Business Manager, Seminary Heights, Kansas City, KS 66102.....	1,954.00

Also on page 5, in line 421, by striking "\$59,801.13" and inserting in lieu thereof "\$68,230.98";

On page 12, following line 763, by inserting the following material to read as follows:

"Sec. 19. The Pittsburg state university is hereby authorized and directed to pay the following amount from the other operating expenditures (including official hospitality) account of the state general fund for medical expenses which are not covered by insurance which were incurred as a result of personal injuries

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3-28-84

sustained in a fall outside Hughs hall on the campus on June 13, 1983, to the following claimant:

Karen Sue Pendleton, 314 East Park, Pittsburg, KS  
66762..... \$1,682.09

Sec. 20. The mental health and retardation services of the department of social and rehabilitation services is hereby authorized and directed to pay the following amount from the operating expenditures account of the state general fund for magazine advertising bills which were incurred to recruit physicians for state institutions and which were not paid or encumbered to be paid from appropriations for fiscal year 1981, to the following claimant:

American Psychiatric Association, c/o Jean M. Forrest,  
Office of the Comptroller, 1400 K Street, N.W.,  
Washington, D.C. 20005..... \$64.00

Sec. 21. There is appropriated from the state general fund the following amount for recovery of an amount of inheritance from the estate of the claimant's natural father which escheated to the state, to the following claimant:

Betty Mascitelli, c/o M. Mascitelli, 42 Ross Ave.,  
Metuchen, N.J. 08840..... \$219.51

Sec. 22. The insurance department is hereby authorized and directed to pay the following amount from the other operating expenditures account of the state general fund for payment for typewriter maintenance services for which invoices were not received in time to be paid from appropriations for fiscal year 1983, to the following claimant:

Office Equipment, Inc., 1507 Kansas Ave., Topeka, KS  
66612..... \$2,688.40";

And by renumbering sections accordingly;

And the bill be passed as amended.

\_\_\_\_\_ Chairperson

PROPOSED AMENDMENT TO H.B. NO. 2992  
As Amended by House Committee of the Whole

On page 6, by striking all in line 448 to 479, inclusive, and inserting in lieu thereof the following:

"Sec. 6. There is appropriated from the state general fund the following amount for the payment in full satisfaction of all claims against the state and any officers and employees thereof for the incarceration from the date of arrest on October 13, 1980, through July 13, 1982, when the judgment of guilty to the charges of certain crimes was vacated and set aside and the sentence imposed therefor was vacated based upon a confession by the person who committed such crimes, for the following claimant:

Keith E. Carl, c/o Hal E. DesJardins, Attorney at Law,  
Suite 403, 820 Quincy, Topeka, KS 66612.....\$50,000.00

Provided, That a written release and satisfaction of all claims and rights against the state of Kansas and any officers and employees of the state of Kansas regarding this claim shall be secured prior to payment of this amount.";

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3-28-84

## PROPOSED Senate Substitute for HOUSE BILL NO. 2903

By Committee on Ways and Means

AN ACT concerning retirement; relating to benefits and annuities for certain persons; employer pickup of member contributions; purchase of partial years of service; employer contribution rates; Kansas school retirement system members and certain other persons becoming special members of Kansas public employees retirement system; repurchase of previously forfeited service credit; amending K.S.A. 12-5005, 72-1761, 74-4911b and 74-4992 and K.S.A. 1983 Supp. 20-2603, 20-2606, 74-4915, 74-4917, 74-4919, 74-4919a, 74-4920, 74-4927, 74-4947, 74-4952, 74-4963, 74-4965 and 74-4988 and repealing the existing sections; also repealing K.S.A. 72-1839 to 72-1847, inclusive, and K.S.A. 1983 Supp. 72-5535.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 12-5005 is hereby amended to read as follows: 12-5005. (a) Every retired member of a local police or fire pension plan and every active member of the plan who is entitled to make an election to become a member of the Kansas police and firemen's retirement system pursuant to K.S.A. 12-5003 or ~~pursuant to K.S.A.~~ 74-4955 and amendments thereto and who does not so elect shall become a special member of the Kansas police and firemen's retirement system on the entry date of the city which is affiliating with the Kansas police and firemen's retirement system with regard to all active members and retired members of the local police or fire pension plan under K.S.A. 74-4954 and amendments thereto.

(b) Beginning with the first payroll for services as a policeman or fireman after an active member of a local police or fire pension plan becomes a special member of the Kansas police

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3-28-84

and firemen's retirement system under this section, the city shall deduct from the compensation of each special member the greater of 7% or the percentage rate of contribution which the active member was required to contribute to the local police or fire pension plan preceding the entry date of the city, as employee contributions. The deductions shall be remitted quarterly, or as the board of trustees otherwise provides, to the executive secretary of the Kansas public employees retirement system for deposit in the Kansas public employees retirement fund. All deductions shall be credited to the special members' individual accounts beginning on July 1 of the year following the entry date of the city for purposes of all active and retired members of the local police and fire pension plan.

(c) Except as otherwise provided in this act, each active member of a local police or fire pension plan who becomes a special member of the Kansas police and firemen's retirement system under this section shall be subject to the provisions of and entitled to pensions and other benefits, rights and privileges to the extent provided under the local police and fire pension plan on the day immediately preceding the entry date of the city which is affiliating with the Kansas police and firemen's retirement system with regard to all active members and retired members of the plan.

(d) Each retired member of a local police or fire pension plan who becomes a special member of the Kansas police and firemen's retirement system under this section shall be entitled to receive from the Kansas police and firemen's retirement system a pension or any other benefit to the same extent and subject to the same conditions as existed under the local police or fire pension plan on the day immediately preceding the entry date of the city which is affiliating with the system with regard to all active members and retired members of the plan under K.S.A. 74-4954 and amendments thereto, except no retired special member shall be appointed in or to a position or office for which compensation is paid for service to the same state agency, or the



same police or fire department of a city, township, special district or county or the same sheriff's office of a county. This subsection shall not apply to service rendered by a retiree as a juror, as a witness in any legal proceeding or action, as an election board judge or clerk or in any other office or position of a similar nature. Any retiree employed by a participating employer in the Kansas police and firemen's retirement system shall not make contributions or receive additional credit under the system for that service. This subsection, except as it relates to contributions and additional credit, shall not apply to the employment of any retiree by the state of Kansas, or any county, city, township, special district, political subdivision or instrumentality of any one or several of the aforementioned for a period of not exceeding 30 days in any one calendar year.

(e) Every pension or other benefit received by any special member pursuant to subsection (c) or (d) is hereby made and declared exempt from any tax of the state of Kansas or any political subdivision or taxing body of this state; shall not be subject to execution, garnishment, attachment or any other process or claim whatsoever, including decrees for support or maintenance; and shall be unassignable.

(f) (1) Each participating employer, pursuant to the provisions of section 414(h)(2) of the United States internal revenue code, shall pick up and pay the contributions which would otherwise be payable by members as prescribed in subsection (a) commencing with the third quarter of 1984. The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from the member's compensation.

(2) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a member. A deduction shall be made from each member's compensation equal to the amount of the member's contributions picked up by the employer, provided that such deduction shall not reduce the member's compensation for purposes

of computing benefits under K.S.A. 12-5001 to 12-5007, inclusive, and amendments thereto.

(3) Member contributions picked up by the employer shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary for deposit in the Kansas public employees retirement fund. Such contributions shall be credited to a separate account within the member's individual account so that amounts contributed by the member commencing with the third quarter of 1984 may be distinguished from the member contributions picked up by the employer. Interest shall be added annually to members' individual accounts.

Sec. 2. K.S.A. 1983 Supp. 20-2603 is hereby amended to read as follows: 20-2603. (a) Except as otherwise provided in this section, each judge shall contribute 6% of the judge's salary for each payroll period to the fund. Commencing with the first payroll period after 20 years of service by the judge and after the judge reaches 65 years of age, and for each payroll period thereafter, such judge shall contribute 2% of such judge's salary to the fund.

(b) The director of accounts and reports shall deduct the amount each judge is to contribute to the fund on the payroll of each judge for each payroll period showing the amount deducted and its credit to the fund. Such deductions shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary of the Kansas public employees retirement system for deposit in the fund to the credit of the judge's individual account therein.

(c) Interest on each judge's accumulated contributions at the rate determined under subsection (1)(a) of K.S.A. 74-4922 and amendments thereto shall be added annually to the judge's individual account in the fund for periods commencing after June 30, 1982.

(d) No member who has retired under the retirement system for judges shall make contributions to that system or receive any service credit under that system for any service after the date of such retirement.

(e) (1) Each participating employer, pursuant to the provisions of section 414(h)(2) of the United States internal revenue code, shall pick up and pay the contributions which would otherwise be payable by members as prescribed in subsection (a) commencing with the third quarter of 1984. The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from the member's compensation.

(2) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a member. A deduction shall be made from each member's compensation equal to the amount of the member's contributions picked up by the employer, provided that such deduction shall not reduce the member's compensation for purposes of computing benefits under the retirement system for judges.

(3) Member contributions picked up by the employer shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary for deposit in the Kansas public employees retirement fund. Such contributions shall be credited to a separate account within the member's individual account so that amounts contributed by the member commencing with the third quarter of 1984 may be distinguished from the member contributions picked up by the employer. Interest shall be added annually to members' individual accounts.

Sec. 3. K.S.A. 1983 Supp. 20-2606 is hereby amended to read as follows: 20-2606. (a) Any judge whose service is terminated prior to retirement, for any cause other than death, may, upon written request to the board, have returned the total amount of accumulated contributions which the judge has made to the fund after the retirement system for judges has a reasonable time to process the application for withdrawal. The return of accumulated contributions to a judge shall preclude that judge from any benefits under the retirement system for judges unless and until that judge again serves in such capacity.

(b) Any incumbent judge over 70 years of age with a total

service of at least eight years at the time the judge's present term of office expires, or at the time of retirement if the judge retires before the end of the judge's present term, shall receive retirement annuities as provided in K.S.A. 20-2608, 20-2609 and 20-2610, and any amendments thereto, unless the judge requests the return of accumulated contributions under this section.

(c) In case any judge, who has had such judge's accumulated contributions returned under this section, serves again in such capacity, such judge may return the amount refunded under this section without interest or penalty and regain such judge's original status under the retirement system for judges.

(d) Any member of the retirement system for judges who was previously a member of the Kansas public employees retirement system or the Kansas police and firemen's retirement system and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect to purchase service credit for the previously forfeited service credit by means of a single lump-sum payment. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation and the actuarial assumptions and tables then currently in use by that retirement system.

Sec. 4. K.S.A. 72-1761 is hereby amended to read as follows: 72-1761. Any school employee who has been credited under the rules and regulations of such board of education with an aggregate of ~~thirty-(30)~~ 30 years of school service to said such board of education and has attained the age of ~~sixty-(60)~~ 60 may be retired by such board of education, or at the request of the employee shall be retired by such board of education. No credit shall be given any school employee for additional years of school service in excess of ~~thirty-(30)~~ 30 years. Any school employee so retired under the foregoing provisions of this section shall be entitled to receive a school annuity from such retirement fund so long as such school employee may live, in equal monthly installments which shall aggregate annually

one-half-~~(1/2)~~ 1/2 of the average annual salary for any five ~~(5)~~ years in which the highest compensation was received during the last ~~ten-(10)~~ 10 years of school service to said the board of education.

Any school employee, who has been credited under the rules and regulations of such board of education with an aggregate of less than ~~thirty-(30)~~ 30 but not less than ~~twenty-(20)~~ 20 years of school service to said the board of education and has attained the age of ~~sixty-(60)~~ 60, may be retired by such board of education, or at the request of the employee shall be retired by such board of education. Any school employee, so retired with less than ~~thirty-(30)~~ 30 years but not less than ~~twenty-(20)~~ 20 years, shall be entitled to receive a school annuity from such retirement fund so long as such school employee may live, in equal monthly installments, the annual aggregate of which shall be such percentage of one-half 1/2 of the average annual salary for any five ~~(5)~~ years in which the highest compensation was received during the last ~~ten-(10)~~ 10 years of service to said the board of education as the number of years of such accredited school service of the annuitant shall bear to the term of ~~thirty-(30)~~ 30 years. All school annuities ~~except-disability-annuities~~ shall be paid in equal monthly installments beginning on the first day of ~~September-of-the-calendar-year-in-which-retirement~~ ~~begins~~-Provided, the month following such retirement. Prior school service shall be credited to the school employee's service record up to and including, but not in excess of ~~twenty-(20)~~ 20 years before September 1, 1939-~~Provided--further,~~ except that should any school employee on September 1, 1939, be unable to obtain an aggregate of ~~twenty-(20)~~ 20 years of school service before he ~~attains~~ attaining age ~~seventy-(70)~~ 70, then such school employee with ~~fifteen-(15)~~ 15 or more years of school service may be retired and then shall be entitled to receive a school annuity from such retirement fund so long as such school employee may live, in equal monthly installments, the annual aggregate of which shall be such percentage of one-half 1/2 of the average



annual salary for the last ~~ten-(10)~~ 10 years of school service to ~~said~~ the board of education as the number of years of such accredited school service of the annuitant shall bear to the term of ~~thirty--(30)~~ 30 years:--~~And--provided--further--That.~~ School annuitants retired by the board of education prior to the time this amendment takes effect shall receive school annuities as provided in the statutes in effect at the time of their retirement.

Sec. 5. K.S.A. 74-4911b is hereby amended to read as follows: 74-4911b. (a) Any member of the Kansas public employees retirement system who attains membership by filing an election as provided in K.S.A. 74-4911 or 74-4992 ~~or--amendments to--said--sections~~ and amendments thereto may revoke such election by filing a notice of revocation with the board. The revocation shall be effective upon filing with the board. The member shall receive a refund of accumulated contributions and shall forfeit all prior service credit and participating service credit. ~~No person who has filed a revocation of election, has received a refund of accumulated contributions, and has forfeited service credit under this section may again become a member of the Kansas public employees retirement system.~~

(b) Any person who has filed a revocation of election, received a refund of accumulated contributions and thereby forfeited all prior service credit and participating service credit as provided by this section, shall be entitled to again become a member of the Kansas public employees retirement system upon the filing of proper notice in such form as prescribed by the board. Such repurchase shall be made in a single lump-sum payment in an amount equal to all withdrawn contributions, plus interest at a rate specified by the board.

Sec. 6. K.S.A. 1983 Supp. 74-4915 is hereby amended to read as follows: 74-4915. (1) Any member who shall retire on or after such member's normal retirement date shall be entitled to receive an annual retirement benefit equal to the sum obtained by adding an amount for participating service and an amount for

prior service determined as provided in this section. The amount for prior service shall be equal to 1% of the member's prior service annual salary multiplied by the number of years of prior service entitled to credit as provided in K.S.A. 74-4913 and amendments thereto, except that for members retiring on or after July 1, 1981, who were last employed by a participating employer which had affiliated with the system under K.S.A. 1982--Supp-74-4910 ~~or K.S.A.~~, 74-4912, 74-4929 or 74-4991, ~~or~~ and amendments thereto, the amount for prior service shall be calculated using final average salary in lieu of prior service annual salary and, in the case of any such member who became a member under subsection (3) of K.S.A. 74-4925 and amendments thereto and for whom a final average salary cannot be otherwise determined, such member's final average salary shall be based on all service for which such member received assistance in a plan under subsection (2) of K.S.A. 74-4925 and amendments thereto as certified by such employer upon request of the board. The amount for participating service shall be equal to the total of 1.25% of the member's final average salary multiplied by the number of years of participating service prior to July 1, 1982, which are entitled to credit as provided in K.S.A. 74-4913 and amendments thereto and 1.4% of the member's final average salary multiplied by the number of years of participating service after June 30, 1982, which are entitled to credit as provided in K.S.A. 74-4913 and amendments thereto.

(2) (A) Except as otherwise provided in paragraph (B) of this subsection, any member who retires before the normal retirement date shall receive an annual retirement benefit equal to the annual retirement benefit payable had the member retired on the normal retirement date but based upon the member's final average salary and years of participating and prior service credited to the date of actual retirement reduced by an amount equal to the product of (i) such annual retirement benefit payable had the member retired on the normal retirement date, multiplied by (ii) the product of .6% multiplied by the number of

months difference, to the nearest whole month, between the member's attained age at the time of retirement and age 65.

(B) Any member who retires on or after July 1, 1981, and ~~prior--to--July--17--1987~~, before the normal retirement date shall receive an annual retirement benefit equal to the annual retirement benefit payable had the member retired on the normal retirement date but based upon the member's final average salary and years of participating and prior service credited to the date of actual retirement reduced by an amount equal to the product of (i) such annual retirement benefit payable had the member retired on the normal retirement date, multiplied by (ii) the product of .3% multiplied by the number of months difference, to the nearest whole month, between the member's attained age at the time of retirement and age 65.

(3) Any member who shall retire, on or after July 1, 1989, with 25 or more years of participating service shall be entitled to receive an annual retirement benefit for participating service equal to the total of 1.4% of the member's final average salary multiplied by the number of years of participating service.

~~(3)~~ (4) Upon death of a retirant, there shall be paid to such retirant's beneficiary an amount equal to the excess, if any, of such retirant's accumulated contributions over the sum of all retirement benefit payments made.

~~(4)~~ (5) Such annual retirement benefits shall be paid in equal monthly installments except, that the board may provide for the payment of retirement benefits which total less than \$240 a year on other than a monthly basis.

~~(5)~~ (6) In the event that an application in such form as may be prescribed by the board for any amount due under the provisions of this act, is not filed with the office of the retirement system by the person entitled to same within five years of the date such amount became due and payable, an amount equal to same shall be transferred to the retirement benefit accumulation reserve and such amount shall no longer be due and payable, except that if any such person shall present evidence

satisfactory to the board that such person's failure to file such application within that time period was due to lack of knowledge or incapacity on such person's part, the amount equal to the amount originally due shall be transferred from the retirement benefit accumulation reserve to the reserve or reserves from which such transfer was initially made and the amount originally due shall be paid to such person.

Sec. 7. K.S.A. 1983 Supp. 74-4917 is hereby amended to read as follows: 74-4917. (1) Upon termination of employment with a participating employer, not followed by employment with such participating employer or another participating employer, the member shall be paid an amount equal to the member's accumulated contributions then on deposit with the system after making application in such form as may be prescribed by the board, except that the system shall have a reasonable time to process the application for withdrawal. Upon proper notification by the system, member contributions not on deposit with the system shall be paid to the member by the participating employer. A leave of absence, a period of total disability or military service shall not be considered a termination of employment unless the member withdraws accumulated contributions. However, in the event such member renews employment with such participating employer within 60 days of termination, ~~such--member,~~ as a condition of employment, ~~shall--return--to--the--fund~~ the amount withdrawn plus interest at a rate specified by the board shall be returned to the fund by such member or such participating employer. Upon return to the fund of the amount withdrawn and interest thereon, such member's membership in the system shall renew upon reentry date as if there had been no break in continuous employment, and such member shall be immediately eligible for all rights and benefits of the system. Employee and employer contributions shall begin with reentry.

(2) If such member has completed 10 years of credited service at date of termination, such member automatically shall be granted a vested retirement benefit in the system, except that

at any time prior to the commencement of retirement benefit payments the member may withdraw accumulated contributions, whereupon no other benefits shall be payable for such member's prior and participating service credit. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4914 and amendments thereto. Such member shall make application for retirement in such form as may be prescribed by the board and retirement benefits shall accrue from the first day of the month following receipt of such application. The amount of the retirement benefit shall be determined as provided in K.S.A. 74-4915 and amendments thereto.

(3) Termination of employment of a member, followed by employment with a participating employer within five years after such termination, does not constitute a break in continuous employment if such member has not withdrawn accumulated contributions. Such period while not employed shall not be credited.

(4) If, after the expiration of five years following the termination of employment, a former member becomes an employee of such former member's former participating employer, or another participating employer, such former member shall be deemed to be a new employee. If a member, who has a vested benefit again becomes an employee of a participating employer, any credited service such member subsequently accrues shall be added to that which had been vested by virtue of previous service. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4914 and amendments thereto.

Sec. 8. K.S.A. 1983 Supp. 74-4919 is hereby amended to read as follows: 74-4919. (1) Each participating employer, beginning with the first payroll for services performed after the entry date, shall deduct from the compensation of each member 4% of such member's compensation as employee contributions. Such deductions shall be remitted quarterly, or as the board may



otherwise provide, to the executive secretary for deposit in the Kansas public employees retirement fund. Such deductions shall be credited to the members' individual accounts and interest shall be added annually to such accounts.

(2) (a) Each participating employer, pursuant to the provisions of section 414(h)(2) of the United States internal revenue code, shall pick up and pay the contributions which would otherwise be payable by members as prescribed in subsection (1) commencing with the third quarter of 1984. The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from the member's compensation.

(b) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a member. A deduction shall be made from each member's compensation equal to the amount of the member's contributions picked up by the employer, provided that such deduction shall not reduce the member's compensation for purposes of computing benefits under the system.

(c) Member contributions picked up by the employer shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary for deposit in the Kansas public employees retirement fund. Such contributions shall be credited to a separate account within the member's individual account so that amounts contributed by the member commencing with the third quarter of 1984 may be distinguished from the member contributions picked up by the employer. Interest shall be added annually to members' individual accounts.

Sec. 9. K.S.A. 1983 Supp. 74-4919a is hereby amended to read as follows: 74-4919a. (1) An employee of a participating employer who becomes a member as provided in K.S.A. 74-4911 and amendments thereto, after completion of one year of continuous employment as therein provided may purchase participating service credit for such year of employment by making application therefor and paying to the system a lump-sum amount equivalent to 4% of

the compensation paid to such member for personal services during such year by the participating employer. Such application and payment may be made at any time after the employee becomes a member and continues to be employed by a participating employer. If an employee was employed before the participating employer's entry date and did not become a member until the first day of the month or the first day of the first payroll period, whichever is applicable, coinciding with or following the completion of one year continuous employment, the member may purchase participating service credit for the period from the participating employer's entry date until such member became a member by paying to the system a lump-sum amount equivalent to 4% of the compensation paid to such member for personal service during such period.

If an employee was employed for a partial year after the participating employer's entry date and did not become a member at that time, but became a member at a later date, the member may purchase participating service credit for such partial year of employment by paying to the system a lump-sum amount equivalent to 4% of the compensation paid to such member for personal service during such period.

(2) Any employee of the state of Kansas who was receiving or was eligible for assistance by the state board of regents in the purchase of a retirement annuity under K.S.A. 74-4925 and amendments thereto, and who became ineligible for such assistance prior to the effective date of this act because such employee's position was reclassified to a position in the classified service under the Kansas civil service act, or who became ineligible for such assistance because such person accepted and transferred to a position in the classified service under the Kansas civil service act, and who becomes a member of the system on the first day of the payroll period coinciding with or following the effective date of this act in accordance with subsection (5) of K.S.A. 74-4911 and amendments thereto, may purchase participating service credit for the period of employment from the effective date of such reclassification or transfer to the date of such

employee's membership in the system. Such employee may purchase such participating service credit by making application therefor and paying to the system a lump-sum amount equivalent to 4% of the compensation paid to such member for personal services during such period by the state of Kansas. Such application and payment may be made at any time after the employee becomes a member and continues to be employed by a participating employer.

Sec. 10. K.S.A. 1983 Supp. 74-4920 is hereby amended to read as follows: 74-4920. (1) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto, the board shall certify, on or before July 15 of each year, to the division of the budget in the case of the state and to the agent for each other participating employer an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the system, to be paid by each such participating employer to pay all liabilities which shall exist or accrue under the system, including amortization of the past service cost over a period of not to exceed 40 years from the entry date, except as otherwise provided in this section, as determined by the board, upon recommendation of the actuary. For the purposes of determining the rate of contribution of each employer affiliating on or after January 1, 1982, the past service cost of the employer shall be amortized over the period from the entry date of such employer to December 31, 2022, inclusive. The rate of contribution for participating employers determined under this section shall not include the costs of administration of the system.

(2) The division of the budget and the governor shall include in the budget and in the budget request for appropriations for personal services the sum required to satisfy the state's obligation under this act as certified by the board and shall present the same to the legislature for allowance and appropriation.

(3) Each other participating employer shall appropriate and

pay to the system a sum sufficient to satisfy the obligation under this act as certified by the board.

(4) Each participating employer is hereby authorized to pay the employer's contribution from the same fund that the compensation for which such contribution is made is paid from or from any other funds available to it for such purpose. Each political subdivision, other than an instrumentality of the state, which is by law authorized to levy taxes for other purposes, may levy annually at the time of its levy of taxes, a tax which may be in addition to all other taxes authorized or limited by law, and shall not be subject to any tax levy limit or aggregate tax levy limit prescribed by any act contained in article 19 of chapter 79 of the Kansas Statutes Annotated or by any act amendatory thereof or supplemental thereto, or any other law, for the purpose of making its contributions under this act and, in the case of cities and counties, to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774 and amendments thereto by cities located in the county, which tax, together with any other fund available, shall be sufficient to enable it to make such contribution. In lieu of levying the tax authorized in this subsection, any taxing subdivision may pay such costs from any employee benefits contribution fund established pursuant to K.S.A. 12-16,102 and amendments thereto. Each participating employer which is not by law authorized to levy taxes as described above, but which prepares a budget for its expenses for the ensuing year and presents the same to a governing body which is authorized by law to levy taxes as described above, may include in its budget an amount sufficient to make its contributions under this act which may be in addition to all other taxes authorized or limited by law. Such governing body to which the budget is submitted for approval, may levy a tax sufficient to allow the participating employer to make its contributions under this act which tax may be in addition to all other taxes authorized or limited by law and shall not be subject to any tax levy limit or aggregate tax

levy limit prescribed by any act contained in article 19 of chapter 79 of the Kansas Statutes Annotated or any act amendatory thereof or supplemental thereto, which tax, together with any other fund available, shall be sufficient to enable the participating employer to make the contributions required by this act.

(5) The rate of contribution certified to a participating employer as provided in this section shall apply during the first fiscal year of the participating employer which begins in the calendar year immediately following such certification. For the fiscal year commencing in calendar year ~~1983~~ 1985, the employer rate of contribution ~~for the state of Kansas~~ shall be ~~4.6%~~ 4.9% of the amount of compensation upon which the members contribute during the period and for participating employers under K.S.A. 74-4931 and amendments thereto the employer rate of contribution shall be ~~4.4%~~ 4.3% of the amount of compensation upon which the members contribute during the period and ~~for participating employers under K.S.A. 74-4925 and amendments thereto the employer rate of contribution shall be 1.4% of the amount of compensation.~~ For the fiscal year commencing January 17, 1984, the employer rate of contribution for participating employers other than the state of Kansas shall be 4.6% of the amount of compensation upon which members contribute during the period.

(6) The board with the advice of the actuary may fix the contribution rates for participating employers joining the system after one year from the first entry date or for employers who exercise the option contained in K.S.A. 74-4912 and amendments thereto at rates different from the rate fixed for employers joining within one year of the first entry date.

(7) Employer contributions shall in no way be limited by any other act which now or in the future establishes or limits the compensation of any member.

(8) Based upon the report of the actuary of each three-year general investigation of the actuarial experience of the system and the annual actuarial valuations and appraisals under



subsection (3) of K.S.A. 74-4908 and amendments thereto, the board shall make a special report to the legislature on the participating service costs of the system. For purposes of this subsection (8), the participating service costs of the system shall include all costs of the system other than those attributable to past service, administration, the insured death benefit, the insured disability benefit and post-retirement benefit increases. The report shall include a review of the changes in the participating service costs since the preceding three-year general investigation under subsection (3) of K.S.A. 74-4908 and amendments thereto and of the rates of contribution for employers and members applicable during that three-year period. The report shall be submitted to the legislative coordinating council on or before the December 1 immediately following the receipt by the board of the report of the actuary on such three-year general investigation of the actuarial experience of the system.

(9) Each participating employer shall remit quarterly, or as the board may otherwise provide, all employee deductions and required employer contributions to the executive secretary for deposit in the Kansas public employees retirement fund within 20 days after the end of the period covered by the remittance or within 25 days after forms or written instructions from the system were mailed by the system to such employer, whichever is later. Remittances of such deductions and contributions received after such date are delinquent. Delinquent payments due under this subsection (9) shall be subject to interest at the rate established for interest on judgments under subsection (a) of K.S.A. 16-204 and amendments thereto. At the request of the board, delinquent payments which are due or interest owed on such payments, or both, may be deducted from any other moneys payable to such employer by any department or agency of the state.

Sec. 11. K.S.A. 1983 Supp. 74-4927 is hereby amended to read as follows: 74-4927. (1) The board may establish a plan of death and long-term disability benefits to be paid to the members

of the retirement system as provided by this section. The long-term disability benefit shall not be payable until the member has been prevented from carrying out each and every duty pertaining to the member's employment as a result of sickness or injury for a period of 180 days and the annual benefit shall not exceed an amount equal to 60% of the member's annual rate of compensation on the date such disability commenced and shall be payable in equal monthly installments. In the event that a member's compensation is not fixed at an annual rate but on an hourly, weekly, biweekly, monthly or any other basis than annual, the board shall prescribe by rule or regulation a formula for establishing a reasonable rate of annual compensation to be used in determining the amount of the death or long-term disability benefit for such member. Such plan shall provide that:

(A) The right to receive such death benefit shall cease upon the member's attainment of age 70 or date of retirement whichever first occurs. The right to receive such long-term disability benefit shall cease (i) for a member who becomes eligible for such benefit before attaining age 60, upon the date that such member attains age 65 or the date of such member's retirement, whichever first occurs, and (ii) for a member who becomes eligible for such benefit at or after attaining age 60, the date that such member has received such benefit for a period of five years, upon the date that such member attains age 70, or upon the date of such member's retirement, whichever first occurs.

(B) Long-term disability benefit payments shall be in lieu of any accidental total disability benefit that a member may be eligible to receive under subsection (3) of K.S.A. 74-4916 and amendments thereto. Such plan may provide that any amount which a member receives as a social security benefit or a disability benefit from any source by reason of any employment including but not limited to workmen's compensation benefits may be deducted from the amount of insured disability benefit payments under such plan, except that not more than 50% of such workmen's compensation benefits shall be deducted therefrom. In no case

shall a member who is entitled to receive insured disability benefits receive less than \$50 per month. As used in this section, "workmen's compensation benefits" shall mean the total award of disability benefit payments under the workmen's compensation act notwithstanding any payment of attorneys attorney fees from such benefits as provided in the workmen's compensation act.

(C) The plan may include other provisions relating to qualifications for benefits; schedules and graduation of benefits; limitations of eligibility for benefits by reason of termination of employment or membership; conversion privileges; limitations of eligibility for benefits by reason of leaves of absence, military service or other interruptions in service; limitations on the condition of long-term disability benefit payment by reason of improved health; requirements for medical examinations or reports; or any other reasonable provisions as established by rule or regulation of uniform application adopted by the board.

(D) On and after April 30, 1981, the board may provide under the plan for the continuation of long-term disability benefit payments to any former member who forfeits the entitlement to continued service credit under the retirement system or continued assistance in the purchase of retirement annuities under K.S.A. 74-4925 and amendments thereto and to continued long-term disability benefit payments and continued death benefit coverage, by reason of the member's withdrawal of contributions from the retirement system or the repurchase of retirement annuities which were purchased with assistance received under K.S.A. 74-4925 and amendments thereto. Such long-term disability benefit payments may be continued until such individual dies, attains age 65 or is no longer disabled, whichever occurs first.

(2) (A) In the event that a member becomes eligible for a long-term disability benefit under the plan authorized by this section such member shall be given participating service credit for the entire period of such disability. Such member's "final

average salary" shall be computed in accordance with subsection (17) of K.S.A. 1982-Supp. 74-4902 and amendments thereto except that the years of participating service used in such computation shall be the years of salaried participating service.

(B) In the event that a member eligible for a long-term disability benefit under the plan authorized by this section shall be disabled for a period of five years or more immediately preceding retirement, such member's "final average salary" shall be adjusted upon retirement by the actuarial salary assumption rates in existence during such period of disability.

(3) (A) To carry out the legislative intent to provide, within the funds made available therefor, the broadest possible coverage for members who are in active employment or involuntarily absent from such active employment, the plan of death and long-term disability benefits shall be subject to adjustment from time to time by the board within the limitations of this section. The plan may include terms and provisions which are consistent with the terms and provisions of group life and long-term disability policies usually issued to those employers who employ a large number of employees. The board shall have the authority to establish and adjust from time to time the procedures for financing and administering the plan of death and long-term disability benefits authorized by this section. Either the insured death benefit or the insured disability benefit or both such benefits may be financed directly by the system or by one or more insurance companies authorized and licensed to transact group life and group accident and health insurance in this state.

(B) The board may contract with one or more insurance companies, which are authorized and licensed to transact group life and group accident and health insurance in Kansas, to underwrite or to administer or to both underwrite and administer either the insured death benefit or the insured disability benefit or both such benefits. Each such contract with an insurance company under this subsection shall be entered into on

the basis of competitive bids solicited and administered by the board. Such competitive bids shall be based on specifications prepared by the board.

(i) In the event the board purchases one or more policies of group insurance from such company or companies to provide either the insured death benefit or the insured disability benefit or both such benefits, the board shall have the authority to subsequently cancel one or more of such policies and, notwithstanding any other provision of law, to release each company which issued any such canceled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such canceled policy returned to the system for deposit in the group insurance reserve of the fund.

(ii) In addition, the board shall have the authority to cancel any policy or policies of group life and long-term disability insurance in existence on the effective date of this act and, notwithstanding any other provision of law, to release each company which issued any such canceled policy from any liability for future benefits under any such policy and to have the reserves established by such company under any such canceled policy returned to the system for deposit in the group insurance reserve of the fund. Notwithstanding any other provision of law, no premium tax shall be due or payable by any such company or companies on any such policy or policies purchased by the board nor shall any brokerage fees or commissions be paid thereon.

(4) (A) The cost of the plan of death and long-term disability benefits shall be paid from a special reserve hereby created in the fund, to be known as the group insurance reserve. Each participating employer shall appropriate and pay to the system in such manner as the board shall prescribe in addition to the employee and employer retirement contributions an amount equal to .6% of the amount of compensation on which the members' contributions to the Kansas public employees retirement system are based for deposit in the group insurance reserve of the



Kansas public employees retirement fund.

(B) The director of the budget and the governor shall include in the budget and in the budget request for appropriations for personal services a sum to pay the state's contribution to the group insurance reserve as provided by this section and shall present the same to the legislature for allowances and appropriation.

(C) The provisions of subsection (4) of K.S.A. 1982-Supp-74-4920 and amendments thereto shall apply for the purpose of providing the funds to make the contributions to be deposited to the group insurance reserve.

(D) Any dividend or retrospective rate credit allowed by an insurance company or companies shall be credited to the group insurance reserve and the board may take such amounts into consideration in determining the amounts of the benefits under the plan authorized by this section.

(5) The death benefit provided under the plan of death and long-term disability benefits authorized by this section shall be known and referred to as "insured death benefit." The long-term disability benefit provided under the plan of death and long-term disability benefits authorized by this section shall be known and referred to as "insured disability benefit."

(6) The board is hereby authorized to establish an "optional death benefit plan". Such optional death benefit plan shall be made available to all employees of the state of Kansas who are covered or may hereafter become covered by the plan of death and long-term disability benefits authorized by this section. The cost of the optional death benefit plan shall be paid by the applicant either by means of a system of payroll deductions or direct payment to the board. The board shall have the authority and discretion to establish such terms, conditions, specifications and coverages as it may deem to be in the best interest of the state of Kansas and its employees which should include term death benefits for the person's period of active state employment regardless of age. The cost of the optional

death benefit plan shall not be established on such a basis as to unreasonably discriminate against any particular age group. The board shall have full administrative responsibility, discretion and authority to establish and continue such optional death benefit plan and the director of accounts and reports of the department of administration shall when requested by the board and from funds appropriated or available for such purpose establish a system to make periodic deductions from state payrolls to cover the cost of the optional death benefit plan coverage under the provisions of this subsection (6) and shall remit all deductions together with appropriate accounting reports to the system. All funds received by the board, whether in the form of direct payments, payroll deductions or otherwise, shall be accounted for separately from all other funds of the retirement system and shall be paid into a special reserve hereby created in the fund, to be known as the optional death benefit plan reserve, from which reserve the board is authorized to make the appropriate payments and to pay the ongoing costs of administration of such optional death benefit plan as may be incurred in carrying out the provisions of this subsection (6).

Sec. 12. K.S.A. 1983 Supp. 74-4947 is hereby amended to read as follows: 74-4947. (1) (a) The retirement benefit, pension or annuity payments accruing after June 30, 1982, ~~until June 30, 1987,~~ to each retirant and each local school annuitant entitled to receive such payments on June 30, 1981, shall be increased by an amount equal to 10% of the retirement benefit, pension or annuity payment in effect on June 30, 1982, from the retirant's retirement system or the local school annuitant's separate retirement system maintained by a local school district and shall be paid by such retirement system to the retirant or by such separate retirement system maintained by a local school district to the local school annuitant during such period. ~~No such increased payments shall be paid under this section after June 30, 1987.~~ All such increased payments to local school annuitants shall be paid by the local school district maintaining a separate

retirement system and such payments shall be made at no additional cost to any employer other than the local school district.

(b) The retirement benefit, pension or annuity payments accruing after June 30, 1984, to each retirant and each local school annuitant entitled to receive such payments on June 30, 1981, shall be increased by an amount equal to 10% of the retirement benefit, pension or annuity payment in effect on June 30, 1984, from the retirant's retirement system or the local school annuitant's separate retirement system maintained by a local school district and shall be paid by such retirement system to the retirant or by such separate retirement system maintained by a local school district to the local school annuitant during such period. All such increased payments to local school annuitants shall be paid by the local school district maintaining a separate retirement system and such payments shall be made at no additional cost to any employer other than the local school district.

(2) As used in this section:

(a) "Retirant" means (i) any person who is a member of a retirement system and who retired prior to July 1, 1981, (ii) any person who is a special member of a retirement system and who retired prior to July 1, 1981, and (iii) any person who is a joint annuitant or beneficiary of any member described in clause (i) or of any special member described in clause (ii);

(b) "retirement system" means the Kansas public employees retirement system, the Kansas police and firemen's retirement system, the state school retirement system and the retirement system for judges.

(c) "Local school annuitant" means (1) any person who is an annuitant with 10 or more years of service who is receiving an annuity from a school district maintaining a separate retirement system and whose annuity is not included, in whole or in part, in payments made to such school district under K.S.A. 72-5512b and amendments thereto and who is not a member of a group I or of

group II as defined in K.S.A. 72-5518 and amendments thereto, and (2) any person who is receiving an annuity from a school district maintaining a separate retirement system which is receiving an aggregate payment from the Kansas public employees retirement system under K.S.A. 72-5512b and amendments thereto, and who retired prior to September 1, 1971.

Sec. 13. K.S.A. 1983 Supp. 74-4952 is hereby amended to read as follows: 74-4952. As used in K.S.A. 74-4951 to 74-4969 and any amendments thereto, both sections inclusive, the following words and phrases have the following meanings respectively ascribed to each of them, unless a different meaning is plainly required by the context:

(1) "Accumulated contributions," the sum of all contributions by a member to the system which shall be credited to the member's account with interest allowed thereon after June 30, 1982;

(2) "Disability," the total inability to perform permanently the duties of the position of a policeman or fireman;

(3) "Eligible employer," any city, county, township or other political subdivision of the state employing one or more employees as firemen or policemen;

(4) "Employee," any policeman or fireman employed by a participating employer whose employment for police or fireman purposes is not seasonal or temporary and requires at least 1,000 hours of work per year;

(5) "Entry date," the date as of which an eligible employer joins the system; the first entry date pursuant to this act is January 1, 1967;

(6) "Final average salary," the average highest annual compensation paid to a member for any three of the last five years of participating service immediately preceding retirement or termination of employment, or if participating service is less than three years, then the average annual compensation paid to the member during the full period of participating service, or if a member has less than one calendar year of participating

service, then the member's final average salary shall be computed by multiplying the member's highest monthly salary received in that year by 12;

(7) "Retirement benefit," a monthly income ~~with benefits accruing from the first day of the month coinciding with or following retirement and ending on the first day of the month in which death occurs or the actuarial equivalent thereof paid in such manner as specified by the member pursuant to this act or as otherwise allowed to be paid at the discretion of the board~~ or the actuarial equivalent thereof paid in such manner as specified by the member as provided under the system or as otherwise allowed to be paid at the discretion of the board, with benefits accruing from the first day of the month coinciding with or following retirement and ending on the first day of the month in which death occurs, unless the retirant is survived by the retirant's spouse, in which case the surviving spouse shall be paid the retirement benefit which would have been payable had the retirant lived until the end of the month, and upon proper identification such surviving spouse may negotiate the warrant issued in the name of the retirant, but if there is no surviving spouse no benefit will be payable for the month in which the death of the retirant occurred;

(8) "Normal retirement date," the date on or after which a member may retire with eligibility for retirement benefits for age and service as provided in subsections (1) and (3) of K.S.A. ~~1982-Supp.~~ 74-4957 and amendments thereto;

(9) "Retirement system" or "system," the Kansas police and firemen's retirement system as established by this act and as it may be hereafter amended;

(10) "Service-connected," with regard to a death or any physical or mental disability, means any such death or disability resulting from external force, violence or disease occasioned by an act of duty as a policeman or fireman and, for any member after five years of credited service, includes any death or disability resulting from a heart disease or disease of the lung



or respiratory tract, except that in the event that the member ceases to be a contributing member except by reason of a service-connected disability for a period of six months or more and then again becomes a contributing member, the provision relating to death or disability resulting from a heart disease or disease of the lung or respiratory tract shall not apply until such member has again become a contributing member for a period of not less than two years or unless clear and precise evidence is presented that the heart disease or disease of the lung or respiratory tract was in fact occasioned by an act of duty as a policeman or fireman;

(11) "Fireman" or "firemen," an employee assigned to the fire department and engaged in the fighting and extinguishment of fires and the protection of life and property therefrom or in support thereof and who is specifically designated, appointed, commissioned or styled as such by the governing body or city manager of the participating employer and certified to the retirement system as such;

(12) "Police," "policeman" or "policemen," an employee assigned to the police department and engaged in the enforcement of law and maintenance of order within the state and its political subdivisions, including sheriffs and sheriffs' deputies, or in support thereof and who is specifically designated, appointed, commissioned or styled as such by the governing body or city manager of the participating employer and certified to the retirement system as such;

(13) Except as otherwise defined in this act, words and phrases used herein shall have the same meanings ascribed to them as are defined in K.S.A. 1982--Supp. 74-4902 and amendments thereto.

Sec. 14. K.S.A. 1983 Supp. 74-4963 is hereby amended to read as follows: 74-4963. (1) Upon termination of employment prior to the completion of 20 years of credited service, a member may withdraw such member's accumulated contributions or elect to leave such accumulated contributions on deposit with the system

~~except--that.~~ However, in the event such member renews employment with such participating employer within 60 days of termination, ~~such--member,~~ as a condition of employment, ~~shall--return--to--the~~ fund the amount withdrawn plus interest at a rate specified by the board shall be returned to the fund by such member or such participating employer. Upon return to the fund of the amount withdrawn and interest thereon, such member's membership in the system shall renew upon reentry date as if there had been no break in continuous employment, and such member shall be immediately eligible for all rights and benefits of the system. Employee and employer contributions shall begin with reentry. If the member elects to leave the accumulated contributions on deposit with the system and if the member returns to employment with the same or another participating employer within two years, such member shall receive credit for such member's service prior to such termination. If the member does not elect to leave the accumulated contributions on deposit or if the member does not return to covered employment within two years, such member shall no longer be a member of the system and the sum of such member's accumulated contributions then on deposit with this system shall be paid to such member after making application in such a form as ~~may--be~~ prescribed by the board and after the system has a reasonable time to process the application for withdrawal. Upon proper notification by the system, member contributions not on deposit with the system shall be paid to the member by the participating employer.

(2) If, after termination and withdrawal of accumulated contributions, a former member returns to covered employment, except as otherwise provided in subsection (1), the former member shall become a member of the system as provided in subsection (2) of K.S.A. 74-4955 and amendments thereto. Any former member returning to covered employment may, at the former member's option, pay to the system within 31 days of the former member's return to covered employment, the total of the former member's withdrawn accumulated contributions plus interest at a rate

specified by the board, in which case the member shall receive full credit for the member's service prior to the member's termination. Members who do not elect to repay within 31 days of return to covered employment may elect to purchase previously forfeited service any time prior to retirement. Such purchase shall be made by a lump-sum payment equal to 1.75% of the member's current annual salary for each quarter of previously forfeited participating service which the member elects to repurchase. Upon receipt of such payment by the system the member shall receive full credit for the number of previously forfeited quarters of participating service which the member has elected to repurchase. Any member who repurchases all of the member's previously forfeited participating service credit shall also receive all of the member's previously forfeited prior service credit.

(3) Upon termination and withdrawal of accumulated contributions, any member whose employment was, up to the member's employer's entry date, covered by a pension system established under the provisions of K.S.A. 13-14a01 to 13-14a14, and amendments thereto, or K.S.A. 14-10a01 to 14-10a15, and amendments thereto, shall be entitled to receive from the member's employer the sum of the member's accumulated contributions to the previous pension system.

(4) If a member has completed 20 years of credited service at date of termination, the member shall be granted automatically a vested retirement benefit in the system, but any time prior to the commencement of retirement benefit payments and before attaining age 55 the member may withdraw the member's accumulated contributions, whereupon the member's membership in this system ceases and no other amounts shall be payable for the member's prior and participating service credit. Eligibility of such member, who has not withdrawn the member's accumulated contributions, for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto, except that in lieu of the

three-month notice of intention to retire being made to the employer, such member shall make application for retirement in such a form as may be prescribed by the board and retirement benefits shall accrue from the first day of the month following receipt of such application. The amount of the retirement benefit shall be determined as provided in K.S.A. 74-4958 and amendments thereto.

(5) If a member, who has a vested retirement benefit, again becomes an employee of a participating employer, the amount of the member's vested retirement benefit shall remain in effect, and any retirement benefit such member subsequently accrues shall be calculated separately based on credited service after again becoming such an employee and shall be added to that which had been vested by virtue of previous service. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto.

(6) Any member of this system who was previously a member of the Kansas public employees retirement system or the retirement system for judges and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect to purchase service credit for the previously forfeited service credit by means of a single lump-sum payment. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation and the actuarial assumptions and tables then currently in use by that retirement system.

Sec. 15. K.S.A. 1983 Supp. 74-4965 is hereby amended to read as follows: 74-4965. (1) Except as otherwise provided in this section, each participating employer shall, beginning with the first payroll period for services performed after the entry date, deduct from the compensation of each member 7% of such member's compensation as employee contributions, except that in the case of a member whose employment is covered by social security, the

deduction from such member's compensation shall be reduced by the amount of such member's contributions to social security.

(2) On and after January 1, 1976, no employee contributions shall be reduced because of contributions to social security.

(3) All such deductions shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary for deposit in the Kansas public employees retirement fund and shall be credited to the members' individual accounts. Interest on each member's accumulated contributions at the rate determined under subsection (1)(a) of K.S.A. 74-4922 and amendments thereto shall be added annually to the member's individual account for periods commencing after June 30, 1982.

(4) For all payroll periods commencing on or after the effective date of this act, each participating employer shall deduct from the compensation of each member who has received 35 years of credited service or who has attained age 60 and who has received 20 years of credited service, 2% of such member's compensation as employee contributions.

(5) (a) Each participating employer, pursuant to the provisions of section 414(h)(2) of the United States internal revenue code, shall pick up and pay the contributions which would otherwise be payable by members as prescribed in subsection (1) commencing with the third quarter of 1984. The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from the member's compensation.

(b) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a member. A deduction shall be made from each member's compensation equal to the amount of the member's contributions picked up by the employer, provided that such deduction shall not reduce the member's compensation for purposes of computing benefits under the system.

(c) Member contributions picked up by the employer shall be remitted quarterly, or as the board may otherwise provide, to the



executive secretary for deposit in the Kansas public employees retirement fund. Such contributions shall be credited to a separate account within the member's individual account so that amounts contributed by the member commencing with the third quarter of 1984 may be distinguished from the member contributions picked up by the employer. Interest shall be added annually to members' individual accounts.

Sec. 16. K.S.A. 1983 Supp. 74-4988 is hereby amended to read as follows: 74-4988. (1) Each person who is a member of a retirement system and who becomes a member of another retirement system shall receive credit under each such retirement system for credited service under the other retirement system for the purpose of satisfying any requirement for such person to complete certain periods of service to become eligible to receive a retirement benefit or disability benefit or for such person's beneficiaries to receive a death benefit. The retirement benefit which a person becomes eligible to receive under a retirement system shall be based only on credited service under such retirement system, except that the determination of final average salary under such retirement system shall include the compensation received as a member of each other retirement system if such compensation is higher.

(2) Any member who is not otherwise eligible for service credit as provided for in subsection (1)(a) of K.S.A. 74-4913 or subsection (1)(a) of K.S.A. 74-4936 and amendments thereto, may be granted credit for the service upon the attainment of 38 quarters of participating service in any retirement system as defined in subsection (3)(b).

~~(2)~~ (3) As used in this section:

(a) "Member" means a person who has attained membership in a retirement system, who has not retired under such retirement system and who has not withdrawn such person's accumulated contributions for such retirement system; and

(b) "retirement system" means the Kansas public employees retirement system, the Kansas police and firemen's retirement

system and the retirement system for judges.

Sec. 17. K.S.A. 74-4992 is hereby amended to read as follows: 74-4992. (a) Any such member of the legislature or former member of the legislature as described in K.S.A. 74-4991 and amendments thereto, who is eligible to join the system shall become a member on entry date or upon taking the oath of office for the office to which ~~he-or-she~~ such member of the legislature or former member of the legislature is elected if such election occurs after entry date and upon filing with the board within ~~thirty-(30)~~ 30 days after entry date or upon taking such oath, an election to become or not to become a member of the system. In the event that any such member of the legislature or former member of the legislature fails to file the election to become a member of the retirement system within the time specified in this section, it shall be presumed that ~~he-or-she~~ such member of the legislature or former member of the legislature has elected not to become a member.

(b) Any member of the legislature who had attained membership in the Kansas public employees retirement system prior to taking the oath of office as a member of the legislature, within ~~thirty--(30)~~ 30 days of taking the oath of office, may elect not to participate in the Kansas public employees retirement system for the purpose of service as a member of the legislature. Any member of the legislature who is a member of the retirement system on the effective date of this act and was a member of the retirement system at the time of taking the oath of office may elect not to participate in the retirement system for service as a member of the legislature if such election is filed within the offices of the system within ~~thirty-(30)~~ 30 days of the effective date of this act. Upon filing such election said such member of the legislature shall receive a refund of all contributions made to the retirement system for service as a member of the legislature and--~~shall-be-ineligible-to-receive service-credit-for-any-service-as-a--member--of--the--legislature granted--as--a-result-of-participating-service-as-a-member-of-the~~

legislature. Each member of the legislature who elects not to participate in the retirement system for service as a member of the legislature shall be eligible to elect participation upon again taking the oath of office as a member of the legislature, ~~except that in no event shall such individuals receive any credit whatsoever for periods of service for which they elected not to participate as a member of the legislature.~~

Any member of the legislature who elected not to participate in the retirement system, and who is not a contributing member with any other participating employer, may purchase such participating service by making a single lump-sum payment in an amount determined by the actuary using the then current rate of compensation and the actuarial assumptions and tables currently in use by the system.

New Sec. 18. (1) On and after July 1, 1984, every person who has retired and has been receiving or who will become eligible to receive an annuity from the Kansas school retirement system shall be a special member of the Kansas public employees retirement system and, except as otherwise provided in this act, shall be subject to the provisions of K.S.A. 72-5501 et seq. and amendments thereto.

(2) On and after July 1, 1984, all assets and liabilities and any unfunded obligations for benefits due under the provisions of K.S.A. 72-5501 et seq. and amendments thereto, shall be funded by additional payments over the period remaining for the amortization of past service cost, for such employers as defined in K.S.A. 74-4931 and amendments thereto.

(3) On July 1, 1984, any person who is entitled to a savings annuity pursuant to K.S.A. 72-5501 et seq. and amendments thereto, shall have such annuity increased by an amount equal to 50% of the savings annuity payment in effect on June 30, 1984.

New Sec. 19. Any member of the Kansas public employees retirement system who was previously a member of the retirement system for judges or the Kansas police and firemen's retirement system and who forfeited service credit under either of those

systems by reason of termination of employment and withdrawal of their contributions to that system, may elect to purchase service credit for the previously forfeited service credit by means of a single lump-sum payment. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation and the actuarial assumptions and tables then currently in use by that retirement system.

New Sec. 20. (a) Every person employed by the Kansas legislature on and after January 1, 1984, who is not eligible for membership in the Kansas public employees retirement system and whose employment with the Kansas legislature is not credited under any state retirement system shall receive a monthly retirement benefit commencing on the first day of the month after such person has (1) attained age 65; (2) been employed by the Kansas legislature 50 days or more in 10 or more calendar years; and (3) made application for such monthly retirement benefit to the division of legislative administrative services in the form and manner required by the division. Such monthly retirement benefit shall be equal to the amount determined by multiplying \$5 by the total number of years in which such person was employed by the Kansas legislature for 50 days or more.

(b) No person's monthly retirement benefit under this section shall be increased for any period of employment with the Kansas legislature after applying for and commencing to receive such benefit nor shall any benefits be forfeited for employment in subsequent sessions. In case the amount available in any fiscal year is not sufficient to pay all retirement benefits in full, the amount available shall be prorated among the claimants, but the deficiency shall not constitute a claim against the state of Kansas. The provisions of this section shall be administered by the division of legislative administrative services.

New Sec. 21. (1) For the purposes of providing the "insured death benefit" and "long-term disability benefit" as prescribed in K.S.A. 74-4927 and amendments thereto to all employees employed by educational institutions under the state board of

regents who are fulfilling the two-year service requirement under subsection (a) of K.S.A. 74-4925 and amendments thereto, on and after the first day of the first payroll period of the fiscal year ending June 30, 1985, the term "member" as used in K.S.A. 74-4927a and amendments thereto and as used in this section shall include the aforementioned employees.

(2) The employer of any member shall pay to the Kansas public employees retirement system in such manner as the board of trustees shall prescribe, beginning with the first day of the first payroll period of the fiscal year ending June 30, 1985, and each payroll period thereafter, an amount sufficient to pay the employer's contribution to the group insurance reserve as provided in subsection (4) of K.S.A. 74-4927 and amendments thereto.

(3) The employer of any member shall maintain a file of the beneficiaries named by the persons covered under this section in the form and manner as prescribed by the board of trustees.

(4) Coverage under the plan of death and long-term disability benefits shall begin with the first day of the first payroll period of the fiscal year ending June 30, 1985, for such member and other persons as defined in this section.

New Sec. 22. (1) The provisions of this section shall apply to employees of the state board of regents and institutions under its management covered by the provisions of K.S.A. 74-4925 and 74-4927a and amendments thereto. This section shall be administered by the board of trustees of the Kansas public employees retirement system.

(2) (a) In the event that a member dies before retirement as a result of an accident arising out of and in the course of the member's actual performance of duty in the employ of a participating employer independent of all other causes and not as a result of a willfully negligent or intentional act of the member, an accidental death benefit shall be payable if: (A) A report of the accident, in a form acceptable to the board, is filed in the office of the executive secretary of the board



within 60 days of the date of the accident causing such death, and an application for such benefit, in such form and manner as the board shall prescribe, is filed in the office of the executive secretary of the board within two years of the date of the accident, but the board may waive such time limits for a reasonable period if in the judgment of the board the failure to meet these limits was due to lack of knowledge or incapacity; and (B) the board finds from such evidence as it may require, to be submitted in such form and manner as it shall prescribe, that the natural and proximate cause of death was the result of an accident arising out of and in the course of the member's employment with a participating employer independent of all other causes at a definite time and place. Such accidental death benefit shall be a lump-sum amount of \$50,000 and an annual amount of 1/2 of the member's final average salary which shall accrue from the first day of the month following the date of death and which shall be payable in monthly installments or as the board may direct, but in no case shall the accidental death benefit be less than \$100 per month. The accidental death benefit payments shall be paid to the surviving spouse of such deceased member, such payments to continue so long as such surviving spouse lives or until such surviving spouse remarries. If there is no surviving spouse, or in the case the spouse dies or remarries before the youngest child of such deceased member attains age 18, or if there are one or more children of the member who are totally disabled and dependent on the member or spouse, the accidental death benefit payments shall be paid to the child or children of such member under age 18 and to the child or children of the member who are totally disabled and dependent on the member or spouse, such payments to be divided in such manner as the board in its discretion shall determine and to continue until the youngest surviving child dies or attains age 18 or, in the case of the child or children who are totally disabled and dependent on the member or spouse, until death or until no longer totally disabled. If there is no surviving spouse

or child eligible for accidental death benefits under this subsection (2) at the time of the member's death, the accidental death benefit payments shall be paid to the parent or parents of such member who are dependent on such member, such payments to continue until the last such parent dies. All payments due under this subsection (2) to a minor shall be made to a legally appointed conservator of such minor or totally disabled child as provided in subsection (7) of K.S.A. 74-4902 and amendments thereto.

(b) In construction of this section, there shall be no presumption that the death of the member was the result of an accident nor shall there be a liberal interpretation of the law or evidence in favor of the person claiming under this subsection (2). In the event of the death of a member resulting from a heart, circulatory or respiratory condition, there must be clear and precise evidence that death was the result of an accident independent of all other causes which arose out of and in the course of the member's actual performance of duties in the employ of a participating employer.

(c) The value, as determined by the board upon recommendation of the actuary, of any worker's compensation benefits paid or payable to the recipient or recipients of an annual benefit under this subsection (2) shall be deducted from the amounts which become payable under this section. In the event that a member should die as a result of an accident as described in this subsection (2), all elections or options previously made by the deceased member shall become void and of no effect whatsoever and the retirement system shall be liable only for the accidental death benefit and any insured death benefit that may be due. The benefit payable under this subsection (2) shall be known and referred to as the "accidental death benefit."

(3) Any costs to the board from the claims arising under this section shall be included in the rate certified by the board to finance the costs of members under subsection (3) of K.S.A. 74-4925 and amendments thereto.

New Sec. 23. On and after the effective date of this act, those persons entitled to pensions pursuant to section 2 of chapter 15 of the 1983 Session Laws of Kansas, shall be special members of the Kansas public employees retirement system, and shall receive from the system during their lifetime the amounts as provided in that section or as otherwise provided by law.

Sec. 24. K.S.A. 12-5005, 72-1761, 72-1839 to 72-1847, inclusive, 74-4911b and 74-4992 and K.S.A. 1983 Supp. 20-2603, 20-2606, 72-5535, 74-4915, 74-4917, 74-4919, 74-4919a, 74-4920, 74-4927, 74-4947, 74-4952, 74-4963, 74-4965 and 74-4988 are hereby repealed.

Sec. 25. This act shall take effect and be in force from and after its publication in the statute book.